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INDIA-PAKISTAN: India is trying to win quickly in East Pakistan while fighting a holding action on the western front.

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[REDACTED]

[REDACTED] Indian forces have met stiff resistance at several points and have not yet taken any of East Pakistan's main cities, but the Indians appear to be generally gaining ground and are not known to have suffered any significant setbacks. They have made sizable inroads in the northwestern portion of the province, and they claim to have captured or surrounded a number of important towns and key locations elsewhere.

The Pakistanis have indicated that they will try hard to prevent the loss of major East Pakistani centers such as Dacca or Jessore. However, with India dominating air and sea routes, the Pakistani troops in the East have little hope of receiving supplies or reinforcements. They also have no apparent means of escaping from the province. Their resistance to India's advancing forces has probably been partly due to their fear of falling into the hands of the Bengali guerrillas, many of whom undoubtedly want revenge for Pakistani atrocities against the Bengali populace.

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[REDACTED] the Indian Army is seeking to counter this problem by broadcasting to Pakistani troops that all prisoners will remain under Indian control and receive good treatment. East Pakistan's minority Biharis, or non-Bengali Muslims, are also in danger of Bengali reprisals because of the assistance many Biharis have given to the Pakistani Army.

On the India - West Pakistan front, Pakistani forces have advanced a few miles into Indian Kashmir and Punjab State, and may still be planning

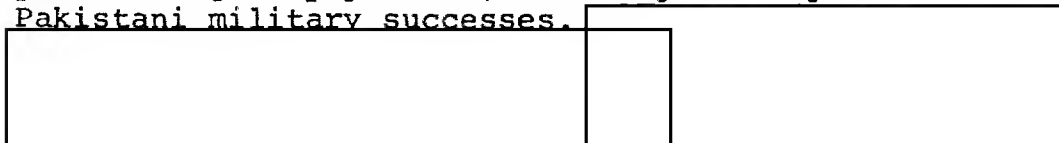
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stronger thrusts. The Indians in turn have made some encroachments in Sind Province, but they claim they are not seeking any permanent territorial gains in West Pakistan. Mrs. Gandhi has indicated that additional troops will be transferred to the western front once Indian objectives have been achieved in the East, but it is not clear whether the Indians then intend to step up their offensive efforts in the West.

In the air war, India has apparently established domination of the skies over East Pakistan. However, Pakistan continues to vie with the Indians for air superiority on the western front. India continues to bomb and strafe assorted military targets in and around Karachi, Lahore, and Islamabad, while Pakistani planes yesterday attacked two air bases in western India and reportedly strafed Bombay.

At the UN, with the USSR expected to continue blocking any Security Council efforts to halt the fighting before East Pakistan falls, several countries have joined the US in proposing that the General Assembly take up the matter this morning. However, any resolution adopted there would be merely a recommendation. China, meanwhile, is stepping up its condemnations of Indian and Soviet actions in the crisis, but there are no indications that Peking intends to swerve from its policy of avoiding direct involvement. Chinese media now appear to be preparing their readers for an eventual Pakistani defeat; Peking's recent accounts of the fighting have painted a gloomy picture, omitting all reports of Pakistani military successes.



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ITALY: None of the prospective candidates in the presidential election that begins on 9 December appears to have an unshakeable lead.

Senate President Fanfani has been the most active candidate in seeking vote commitments from the 1,009 members of the Electoral College consisting of Parliament and 58 regional electors. [REDACTED]

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[REDACTED] Fanfani is counting on winning with almost solid Christian Democratic, neofascist, and monarchist support, plus backing from electors closely tied to the government corporations, in which he exerts strong influence.

In fact, a split in the Christian Democratic vote is likely and this would preclude Fanfani's victory unless he wins support from the left. [REDACTED]

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[REDACTED] The PCI [REDACTED] continues to favor the candidacy of Foreign Minister Aldo Moro, a Christian Democrat, although it has agreed publicly to support a Socialist on the first ballot.

The Social Democrats will vote for incumbent Giuseppe Saragat on the initial ballots and [REDACTED]

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[REDACTED] will be joined by the business-oriented Liberals. The Socialists will back Chamber President Pertini initially and the Republicans will probably cast blank ballots at first [REDACTED]

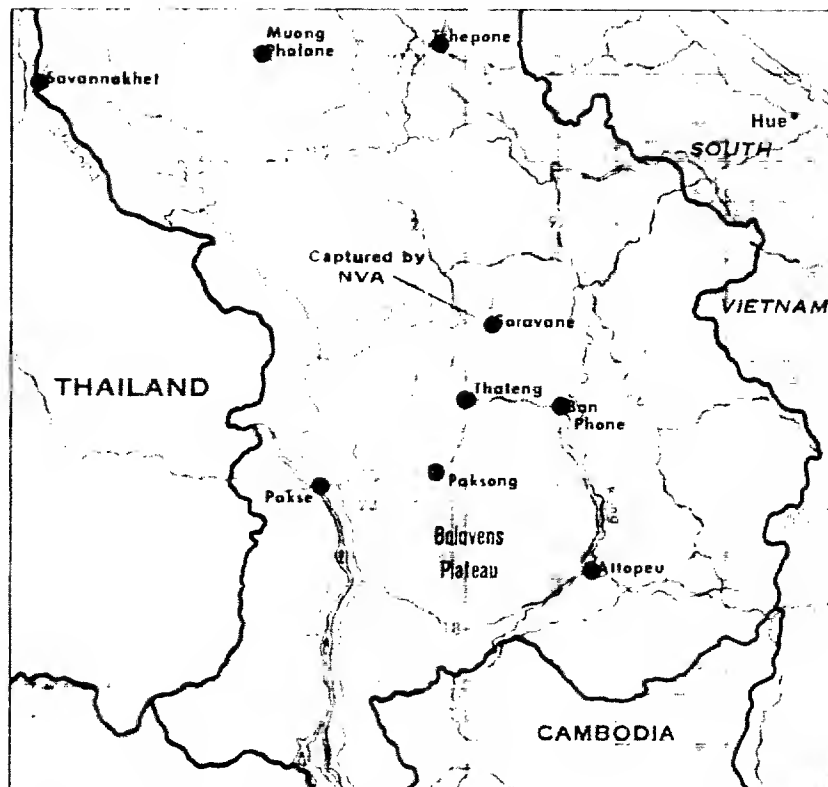
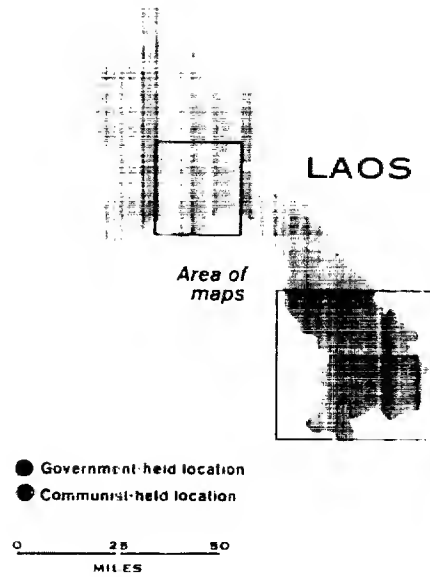
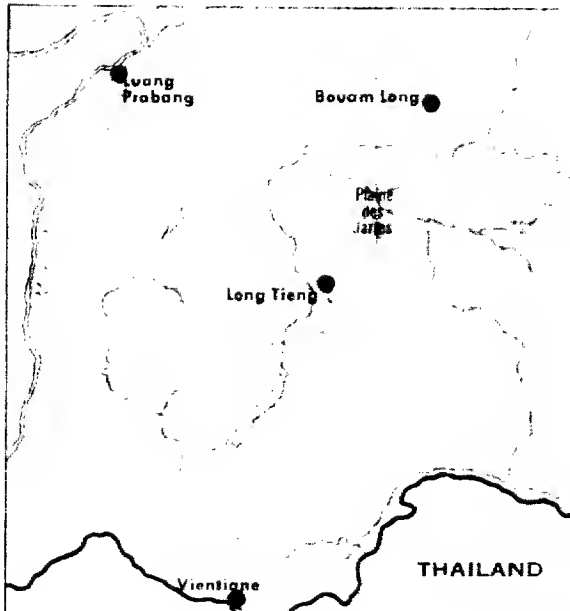
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The first three rounds of balloting, during which a two-thirds majority is required, are likely to show party inclinations but unlikely to produce a winner. After the third ballot, a majority is sufficient for election. Real horse-trading among the parties and party factions will probably begin this weekend. [REDACTED]

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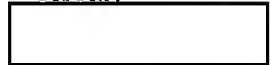
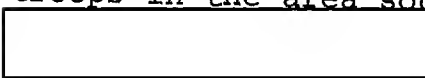
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LAOS: The North Vietnamese have captured Saravane in south Laos and appear to be setting the stage for renewed action in the north.

A North Vietnamese force estimated at three to five battalions yesterday overwhelmed a Lao Army battalion defending Saravane and forced it to withdraw westward. The size of the Communist force, however, tends to confirm earlier indications that new enemy units--probably elements of the 2nd Division--are moving into south Laos for the dry season offensive.

Two irregular task forces are still keeping the enemy off balance along the northern edge of the Bolovens Plateau. Irregular patrols have turned up several small caches and put nine trucks out of action, but enemy resistance has been increasing during the past few days. If elements of the 2nd NVA Division are now around Saravane and turn south, they could pose a significant threat to the government's ability to operate in the Thateng area.

In north Laos, pilots and ground observers have reported improvements in the North Vietnamese road-net east of the Plaine des Jarres during the past week. Pilots report that a new road now links Route 7 in the north with Route 4 in the south. If true it would permit supplies to be trucked along the eastern edges of the Plaine. In addition, the Communists are improving Route 72, a main road between the North Vietnamese border and the southern Plaine. Pilots have also noted increasing numbers of enemy troops in the area southeast of the Plaine.



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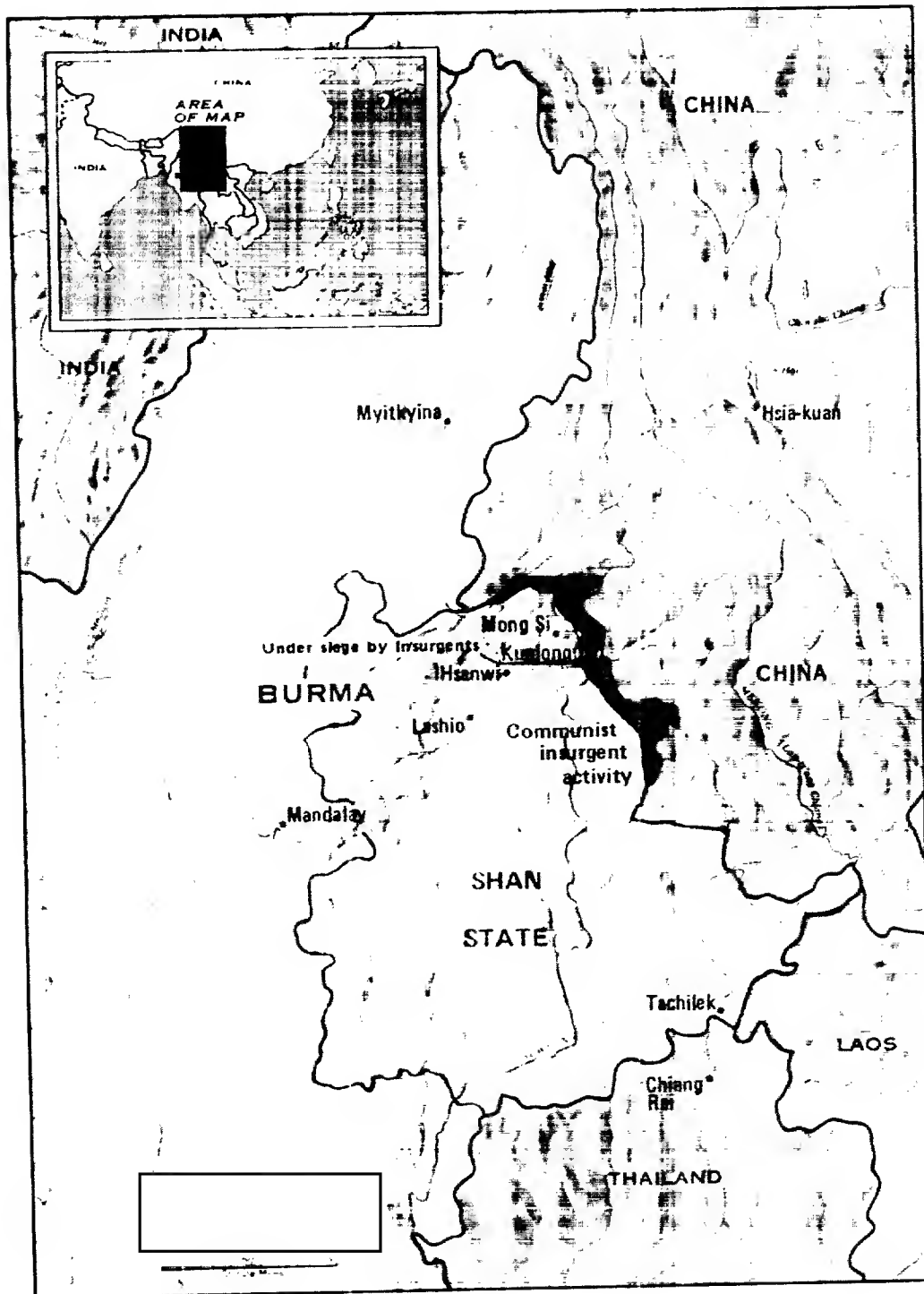
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BURMA: Communist insurgents have launched what appears to be a sharp new offensive in north-east Burma.

The district town of Kunlong in northern Shan State has been under virtual siege since 20 November, according to recently available information. The Communists have interdicted roads into the town and have overrun nearby Burmese Army camps. Kunlong itself has been under mortar attack, and civilians are fleeing the town. The Kunlong area is being defended by about 1,000 government troops, and is receiving air support. The government is organizing relief columns. Prime Minister Ne Win, who is expected to return this week from a two-month medical leave in London, has been kept informed daily on the Kunlong situation.

The offensive against Kunlong seems to run counter to the Communists' strategy of de-emphasizing large-scale military actions, but it is too early to tell whether it portends an aggressive dry season campaign. The some 4,000 Communists along the Chinese border until the latest outbreak have confined themselves to attacks on less strategic targets. Burmese leaders apparently interpreted the Communists' unusually restrained 1970-71 campaign as evidence that Peking had reduced its support to the insurgents or was otherwise reining them in. If so, Rangoon may now have second thoughts about assuming that the rapprochement with China will solve the insurgency problem, but the Burmese will be reluctant to interpret insurgent actions as evidence of Chinese bad faith.

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NOTES

JAPAN: Despite the US surcharge and appreciation of the yen, the number of export letters of credit opened last month--a leading indicator of exports--was up 26 percent over the November 1970 level. Actual exports to the US reportedly were 22 percent higher than during November 1970. Tokyo is becoming increasingly concerned that its continued export surge could lead to demands for more export restraints. Meanwhile, imports continue to increase slowly because of the country's economic slowdown. The over-all trade surplus this year could easily exceed \$7 billion, the largest recorded by any country in the last two decades. [REDACTED]

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CONGO: A showdown between President Ngouabi and his radical opponents within the regime could occur at a meeting of the ruling Congolese Workers Party now under way in Brazzaville. In the wake of a student strike late last month, Ngouabi publicly announced that he would seek party approval for the dismissal of certain high-level "opportunists." Political maneuvering within the regime reportedly has intensified in recent weeks. [REDACTED]

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[REDACTED] suggest army strongman Ngouabi really is serious this time but leave in doubt his ability to pull off a sweeping purge in what has been a standoff contest. The outcome probably rests on the amount of dissension Ngouabi's proposed changes evoke in the military where the radicals also enjoy some support. Meanwhile, the students have been promised more social services and all schools are open again. [REDACTED]

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